

CLASSIFICATION

# INFORMATION REPORT

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COUNTRY China

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SUBJECT 1. Measures Against Corruption and Waste  
2. Financial Implications of "Three Anti's"  
Campaign

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**SUPPLEMENT TO  
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25X1   1. During 1951, there were many serious cases of collective corruption and waste in governmental organizations and enterprises, especially those concerned with engineering and reconstruction. In late 1951, CH'EN Yun, Chairman of the Committee of Finance and Economics, called a meeting to study the situation. Several proposals, originally suggested by Soviet advisers, were adopted and put into practice in early 1952. These measures include the following points:

- a. Before a new engineering reconstruction project is started or a new enterprise or new organ is established, detailed financial estimates and plans shall be submitted to the appropriate authorities for study.
- b. If the projects are approved and the estimates found feasible, they shall be forwarded to the Soviet advisers concerned for suggestions.
- c. While the project or organ is being established, the finance and economic organs shall send personnel to supervise the work, and Soviet advisers or technical experts shall be invited to give direction.
- d. The responsible heads of the projects or organs shall not handle the funds, and payments shall be received directly by the contractors concerned.

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2. In late 1951 the Committee of Finance and Economics sent a representative to Hong Kong to inspect certain Chinese Communist Government financial and economic agencies. According to this representative, the current Anti-Corruption, Anti-Waste, and Anti-Bureaucratic Campaign has an economic as well as a political basis. The movement, directed against government officials, industrial and commercial groups, and the national capitalist class, is a means of obtaining funds for the Government. It is a movement against corruption, waste, and bureaucracy exemplified by the embezzlement of public funds and property, bribery, concealment of enemy property, evasion of regulations concerning foreign remittances, profiteering, and evasion of taxes. The Chinese Communists compel restitution of public property and cash and impose fines. Statistics compiled by the Government show that the total value of property and cash which could be realized from restitution and fines for the cases of corruption and law violation uncovered by this campaign for the last 10 weeks of 1951 is JMP \$600,000,000,000. On this basis, it is estimated that the Chinese Communist Government can benefit financially to the amount of JMP \$3,500,000,000,000 as a result of the Campaign.

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